

# THE LEONARD LETTER

August 8, 2005

## QUOTE OF THE WEEK

*“Everyone wants to live at the expense of the state.  
They forget that the state lives at the expense of everyone.”*  
-- Frederic Bastiat (1801-1850) French economist, statesman, and author.

## UNDER THE DOME

### **\*\*\*Good for the Gander\*\*\***

The Los Angeles Times reports that union bosses are firing back at the Paycheck Protection Initiative (Proposition 75) by proposing an initiative to bar corporations from spending on election campaigns without shareholder approval. Prop. 75 would simply require public employee unions to obtain permission from their members before taking money out of their paychecks to spend on political campaigns.

The unions argue that “what’s good for the goose is good for the gander,” and they may have a point. Perhaps shareholders should be given the right to decide whether corporate funds should be spent on political candidates and campaigns. Just as it is fundamentally unfair to force union members to fund campaigns to which they are opposed, it also seems unfair to force corporate investors to fund campaigns against their will. In our American scheme of campaign financing, it makes sense to expect campaigns to raise money from people who agree with them; coerced funding is tyrannical and unnecessary.

Of course, some will argue that this reform will hurt Republicans. The unions seem to think so, but they are wrong. Despite the long-standing myth that corporate campaign spending favors Republican candidates, the opposite is true. Like most other campaign donors, corporations seek to influence those in power. In California, the people in power are mostly Democrats, so they receive the lion’s share of the donations. This has been true for generations, but perception has not caught up with reality.

Regardless of who might benefit from this proposed reform, it merits a healthy discussion that we should all welcome. Our political campaigns should not rely on coerced contributions and unwilling donors.

### **\*\*\*Ulterior Motives\*\*\***

A strange coalition of teacher union leaders, correctional officer leaders, and the Business Properties Association announced a joint effort to “help” schools, starting with the teachers and correctional officers dropping their initiative to raise property taxes on

commercial properties. Of course, the Business Properties Association members develop commercial properties and they would do “anything” to avoid property tax increases. They are not saying, and the press has not yet speculated, but my prediction is that this business group will be prominent in opposing the Paycheck Protection Act (see above story). The California Business Properties members are land developers who do not have a stake in whether public employee unions should get permission before engaging in politics. As I said, they would give “anything” to kill the property tax increase proposal, and maybe they just did.

### **\*\*\*State of Labor\*\*\***

You have heard a lot about the current administration’s disputes with labor unions. A few months ago a controversy erupted that did not receive much attention but piqued my curiosity. At issue was how union leaders get paid since they work full-time on union business and no longer do their regular, state jobs. What happens is that some state employees who belong to certain unions can donate some of the time off they earn for vacation leave to a pot of hours. The union leaders then get paid out of that pot of donated time. The administration wanted to limit that way of paying union leaders, but the California Correctional Peace Officers Association objected and the administrative law judge agreed with the union that the time bank of donated hours was acceptable. It is an interesting commentary on the strength of the CCPOA that some of its members so support the work of the union that they would donate leave time to the union over and above their mandatory dues.

### **\*\*\*Property Rights and Your Taxes\*\*\***

Senator Tom McClintock and Assemblyman Doug LaMalfa have introduced constitutional amendments that will require quick action when the legislature returns from its summer recess if it is to make it before the voters this fall. The proposals are a reaction to the recent Supreme Court decision that substantially voids private property rights in the name of economic development. The Howard Jarvis Taxpayers Association says that Californians in particular should worry given that cities might lust after the potential increase in property taxes that could be generated if property protected under Prop. 13’s lower tax rates is condemned and replaced with new development that can be taxed at higher values.

In truth, California’s eminent domain and redevelopment law already permit the kind of property taking that the Supreme Court recently permitted in the Connecticut case. However, the debate over the decision has raised awareness about property rights and made many people rethink whether their homes are safe. SCA 15 and ACA 22 are thus attempts to give homeowners the protection they already thought they had, and such protection is overdue in California. However, these particular measures need additional work. I have heard concerns that the current language would impede privatization and public-private partnerships. Property rights must be protected, and the government must have the ability to obtain property that is needed for valid public uses, including those

that might fall under the definition of privatization or partnerships. I encourage Senator McClintock and Assemblyman LaMalfa to continue working on this issue.

## **AROUND THE STATE**

### **\*\*\*Internet Slander\*\*\***

As a proponent of emerging technologies I look to the advantages offered, but the downside can also be very threatening. Thanks to e-mail and spamming operations it is now possible to slander someone anonymously at zero cost and distribute the slander widely. A friend of mine is a victim of this type of slander. I received an e-mail the other day that made strange and bizarre charges about conservative stalwart Assemblyman Ray Haynes. The author of the e-mail is a Richard Saunders, but no one has heard of him or even knows this name, so it seems that someone is slamming Haynes and hiding behind a phony name. If you know a Richard Saunders who wrote a nasty e-mail about Ray Haynes, please ask him to call me. Now, the challenge is: how does Haynes respond? If he stays silent then many people may believe the slander. If he wants to answer, how does he know who received the original nasty e-mail? In the pre-Internet days if someone wanted to slander someone they had to spend thousands of dollars printing and mailing the nasty note, but now its virtually cost free. So Haynes has to prove that he is not a bad person to hundreds, perhaps thousands, of people who may have read this one e-mail. You can help by letting Haynes or me know if you received Saunders' note or any other nasty note about Haynes. Then we can clear the mud away and get back to discussing issues of real importance to Californians.

## **MISCELLANY**

### **\*\*\*A Good Read\*\*\***

People who are not familiar with government or political studies express frustration that government never accomplishes anything. Indeed, once created, government programs do not end and the money poured into them keeps growing. Why? How do we stand for tax dollars being handled this way? Can we do things differently? One of the best books I have ever read that tries to understand these question is "In Pursuit of Happiness and Good Government" by Charles Murray. Murray looks at the failure of policy analysts to provide the analysis that enables policymakers to make wise decisions. He questions the assumptions that politicians make when they are designing programs or laws. He teaches why government needs to stop doing what communities do. He discusses how we can understand and explain problems differently so that our analysis of them leads to better approaches to them. Murray accomplishes this with elegant prose, practical examples, and a captivating way of thinking that is sure to challenge you and make you re-examine your definition of happiness.

## **BOE AND LEGISLATIVE DATES**

**August 15, 2005** --- Legislature reconvenes from summer recess.

**August 31-September 1, 2005** --- BoE meets in Sacramento.

**September 5, 2005** --- Labor Day.

**September 9, 2005** --- Last day for any bill to pass the legislature; interim recess begins upon adjournment.

**September 20-21, 2005** --- BoE meets in Culver City.

**September 21, 2005** --- Taxpayers' Bill of Rights Hearing in Culver City.

**October 25, 2005** --- Taxpayers' Bill of Rights Hearing in Sacramento.

## **NOTABLE DATES/ HISTORY**

**August 8, 1846** --- The Smithsonian Institution was founded in Washington, D.C.

**August 8, 1945** --- President Harry Truman signed the United Nations Charter.

**August 8, 1974** --- President Richard M. Nixon announced his resignation over the Watergate cover-up.

**August 9, 1969** --- Actress Sharon Tate and four others were murdered by Charles Manson and his cult members in Los Angeles.

**August 9, 1988** --- Lauro Cavazos, first Hispanic to serve in a President's Cabinet, was nominated by President Ronald Reagan to be Secretary of Education.

**August 10, 1969** --- Leno and Rosemary LaBianca were killed by Charles Manson cult members in their Los Angeles home.

**August 10, 1988** --- President Ronald Reagan signed the Civil Liberties Act of 1988, compensating Japanese-Americans for deprivation of civil rights and property during World War II internment ordered by FDR

**August 11, 1965** --- An altercation between the California Highway Patrol and two African-American men touched off the massive, six-day Watts riot in Los Angeles.

**August 12, 1898** --- The U.S. signed the agreement to end the Spanish-American War.

**August 13, 1961** --- Construction on Berlin Wall began in East Germany.

**August 14, 1945** --- Congress passed the Social Security Act.

**August 14, 1951** --- Newspaper czar William Randolph Hearst died in Beverly Hills, California, at age 87.

## **GENERAL TAX INFORMATION**

For answers to your general tax questions, call the Board of Equalization information center. Customer service representatives are available to help you from 8:00 a.m. to 5:00 p.m. Pacific time, Monday through Friday (except state holidays).

Toll-free number: 800-400-7115  
TDD service for the hearing impaired  
TDD phones: 800-735-2929  
Voice phones: 800-735-2922

To reach the Taxpayer Rights Advocate's office for assistance with any BOE issues, see <http://www.boe.ca.gov/tra/tra.htm>, or call toll-free 1-888-324-2798.

## **HOW TO CONTACT ME**

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